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September 6, 2016

VIA E-MAIL AND CERTIFIED, U.S. MAIL

April Abate
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116

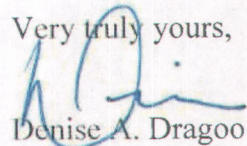
Re: Abatement Plan for Modified NOV MN-2016-096-02

Dear April:

On behalf of Tar Sands Holdings II, LLC, the enclosed abatement plan is proposed to address the issues raised during our conference call on August 31, 2016 and in your follow up discussion on Thursday, September 1, 2016 with Karla Knoop from Stantec. As we have discussed, TSHII has taken measures to respond to the original NOV served on March 25, 2016 including the response dated April 7, 2016 which included an extensive waste characterization and clean-up report for the Asphalt Ridge 2 site. TSHII has also responded to the modified NOV dated July 11, 2016 by moving four barrels of bitumen product to the storage area, clearly labeling the containers with bitumen product and covering open barrels and containers. The enclosed abatement plan will help to verify and ensure that all bitumen product containers are contained within the storage area.

TSHII is implementing this plan in good faith and asks the Division to vacate or terminate the NOV. Let us know if you have further comments or would like to discuss.

Very truly yours,



Denise A. Dragoo

DAD:bt

Enclosure

Cc: Brent Andrews
Scott Rasmussen
Michael Cicchella

To:	Denise A. Dragoo	From:	Karla Knoop
	Snell & Wilmer L.L.P.		Stantec Consulting Services Inc.
File:	Tar Sands Holdings II	Date:	September 6, 2016

Reference: TSHII Abatement for MN-2016-096-02

This memo provides a plan for abatement of Utah Division of Oil, Gas and Mining (UDOGM) Notice of Violation (NOV) Modification #MN-2016-096-02, dated July 11, 2016. The original NOV in this matter was issued to Tar Sands Holdings II (TSHII) by DOGM inspector April Abate on March 15, 2016 and was served on March 25, 2016. TSHII responded to the NOV on April 7, 2016 by providing a letter prepared by Jon Schulman, of Stantec Consulting Services Inc. (Stantec), which discussed site conditions and included the waste characterization report from the 2014-2015 cleanup report that had previously been filed with UDOGM. In addition, TSHII took steps to further secure the bitumen product by moving the four remaining barrels to the common storage area and providing covers.

The plan outlined herein consists of several additional steps that will verify and ensure that all bitumen product containers remaining onsite are collected in a single controlled location and that this product is properly managed. The designated location is a scraped, asphalted pad which is lined with plastic and surrounded by a berm. DOGM Environmental Manager Paul Baker inspected the site in 2015 following placement of the bitumen product on the lined asphalt pad. As agreed at that time, the material is not a waste and not hazardous at ambient temperatures. Rather it is a valuable feedstock for the processing plant. As a conservative safety measure, TSHII bermed and lined the asphalt pad to ensure that any material that might leak from the containers would remain on the liner.¹

While the location and general means of securing this material are considered acceptable, TSHII acknowledges that routine maintenance may be needed. Further TSHII believes that all containers are currently within the storage area. Steps described here will provide a means to: (1) document the location of product containers (which are the only materials remaining on site); (2) maintain the functionality of the storage area; and (3) improve other BMPs as needed to secure the bitumen material.

Step 1: Confirm Inventory of Remaining Bitumen. Stantec's 2015 cleanup report included the detailed 2014 Enviro-Care inventory of all containers and materials located on the site. Most of these were removed by Enviro-Care, and disposed of properly or recycled. TSHII will use in-house staff to prepare a new, current listing of the bitumen product containers that remain on site. The listing will include the location of containers, types of containers, number of containers, and their condition. It will also note the means by which (collectively or individually) precipitation and animals are prevented from entering the containers.

This list will provide a basis going forward to document that no new containers appear, and/or to document when/if containers are removed off site in the future. While TSHII believes that all containers are already collected in the single approved storage area, and that all containers are

¹ April 7, 2016 letter from Stantec re: DOGM Mineral Inspection Report and Citation, at p. 1.

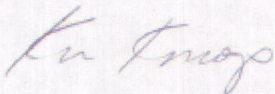
Reference: TSHII Abatement for MN-2016-096-02

currently labeled as bitumen product, the action of preparing the list will serve to double-check these assertions.

Step 2: Upgrade Storage Area as Needed. As noted, the berm/lining concept is already the approved BMP for container storage. Strictly speaking, these features are not needed for environmental control as there is asphalt underlying the liner, the product is contained, and is essentially a solid. However, the storage area features provide an additional measure of control in the event of an unforeseen mobilization of the product. Since its original installation, portions of the berm and/or lining may have become degraded. TSHII will maintain or repair these areas where needed. Berm work may be done by hand or with a contractor and earthwork equipment, as appropriate to the task.

Step 3: Implement a Routine Inspection Program with Follow up maintenance. On site TSHII personnel will regularly inspect – and document – the area to note the integrity of berms, liners, containers, covers, etc. They will use a prepared checklist format that can readily be completed in the field. These inspections will be signed, dated, and stored on site. Where maintenance is needed, the inspection will note what needs to be done. Follow up maintenance should be done promptly, also with documentation. While these inspection and maintenance records will be for internal use, not reports submitted to DOGM, they will be made available to agency inspectors on site if requested.

Combined, these steps will improve TSHII's ability to demonstrate that the bitumen product is properly stored and managed on site.



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